

FISCAL NOTE

TO: Chief Clerk of the Senate
Chief Clerk of the House

FROM: James A. Davenport, Executive Director

DATE: February 20, 1995

SUBJECT: **HB 213 - SB 729**

This bill, if enacted, will provide for licensure, audit, financial review and review of disclosure statements of continuing care providers. The bill requires the Department of Commerce and Insurance to review any transactions resulting in change of control of its continuing care facility. In addition, the bill authorizes public and private investigators to determine if violation of the provisions of this bill have occurred. Any person knowingly violating the provisions of this bill will be guilty of a Class E felony. The Department of Commerce and Insurance may be reimbursed for any expenses it reasonably incurs in pursuing its investigative and rehabilitative activities under this bill.

The fiscal impact from enactment of this bill as indicated by the Department of Commerce and Insurance is estimated to be an increase in state expenditures of approximately \$146,000 for five positions and related miscellaneous expenses.

However, we estimate the fiscal impact from enactment of this bill to be an increase in first full year state expenditures of \$70,000 of which \$50,000 will be for two positions and related expenses and \$20,000 will

be for an actuarial contract to conduct certain functions required in the bill.

The enactment of this bill is also estimated to result in an increase in first full year state revenues of approximately \$70,000 which assumes reimbursement will be made for examined continuing care centers for investigative and rehabilitative expenses.

The above estimate corresponds with the fiscal note prepared for HB 359, which is the same bill as introduced in 1993, but allows for an increase of approximately 15% for inflation.

In addition, the enactment of this bill is estimated to result in a maximum increase in state expenditures of \$4,279 for incarceration*. This estimate is based on one conviction every two years receiving a sentence of one year with 30% or 110 days actually being served at a cost of \$38.90 per day.

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

James A. Davenport, Executive Director

**Section 9-6-119, TCA, requires that: For any law enacted after July 1, 1986, which results in a net increase in periods of imprisonment in state facilities, there shall be appropriated from recurring revenues the estimated operating cost of such law.*